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10 September 1980

## MEMORANDUM

SUBJECT: US Negotiating Options and Hostage Trials

## Summary

*US options toward Iran will not be fundamentally altered if the Islamic Assembly (Majles) decides to put the hostages on trial. The US will still be constrained from the use of force because force endangers the hostages and threatens Soviet intervention. The US will face new difficulties, but have no new means of influencing the situation.* [redacted]

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The negotiating environment in Tehran will still be characterized by confusion and the preeminence of the clerical hardliners:

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- The Iranians will continue to speak with many voices. Moderates like Bani-Sadr will probably assure us that the trials will end with all the hostages being expelled from Iran. Hardliners like Rajai will call for long prison terms for the "spies." Beheshti will be purposefully ambiguous.
- The clerical hardliners will continue to dominate. The Islamic Republic Party and its fundamentalist sympathizers have a majority in the Majles--every newspaper poll of the legislators has indicated strong support for trials.
  - The fundamentalists still value the hostages as a weapon to use against Bani-Sadr. They do not believe their power is sufficiently consolidated to release all of the hostages.
  - The hardliners will rebuff new demarches from the US as more "imperialist" efforts to intervene in Iran's judicial process.

*This memorandum was prepared by [redacted] the Southwest Asia Analytic Center, Near East South Asia Division, Office of Political Analysis. Comments or queries may be addressed to Deputy Chief, Southwest Asia Analytic Center*

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-- The Iranians will be eager to justify the Embassy's seizure and the incarceration of the hostages. The trials will be used as a platform for denouncing the US and publicizing US "crimes." We believe the trials will end with some hostages convicted of espionage and sentenced to long prison terms.

-- Khomeini will retain the final say and the Majles will look to the Imam for guidance.

[redacted]

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This hostile negotiating atmosphere has prevented a satisfactory resolution of the crisis for over 10 months. An Iranian decision to place the hostages on trial will not alter the basic problems the US faces. Nonetheless, there will be increased pressure to negotiate:

-- US allies, including the West Europeans and moderate Arab regimes, will be concerned that hostage trials will lead to US military intervention. The allies will be eager to head off US military moves by urging new demarches to Tehran.

-- The Iranians may attempt to play to these sensitivities by releasing some hostages before the trials. [redacted]

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The US could choose to reopen talks with Tehran in an effort to influence the outcome of the trials. US negotiating channels will include:

-- Reviving traditional third party channels including the EC Nine, the Swiss, Archbishop Capucci, the PLO and the Paris-based lawyers. None has improved their access to the hardliners in the last few months.

-- Urging the Algerians to take a more active role-- they have somewhat better access but have been reluctant to get involved.

-- Returning to the UN or ICJ for more resolutions urging Iran to be reasonable.

-- Direct communications with Tehran similar to the Congressional letter or Secretary Muskie's letter to Rajai. (Rajai publicly read Muskie's letter on Monday in Qom and promised never to compromise with the US.) [redacted]

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The US could also offer Iran new concessions such as promising to investigate past "crimes," returning the Shah's fortune, unfreezing Iranian assets or a presidential statement apologizing for CIA activities.

-- We see no sign that the Iranians will release all the hostages in return for such US concessions. They have issued vague statements that such moves could "improve the atmosphere."

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